

Restaurant Incubator Feasibility Study



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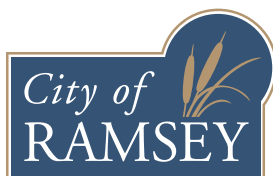
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Resilient Communities Project

UNIVERSITY OF MINNESOTA

Building community-university partnerships for sustainability

The project on which this report is based was completed in collaboration with the City of Ramsey as part of the 2017–2018 Resilient Communities Project (RCP) partnership. RCP is a program at the University of Minnesota’s Center for Urban and Regional Affairs (CURA) that connects University faculty and students with Minnesota communities to address strategic projects that advance local resilience and sustainability.

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Report for the City of Ramsey

May 2018

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Section I: Introduction

Overview

The City of Ramsey is located in the northwest outskirts of the Minneapolis-St. Paul Metropolitan Area (MSP metro). Ramsey is the second fastest growing city in Anoka County with population rates and new households rising faster than the MSP metro area.¹ Ramsey spent significant resources focusing on developing its new downtown - The Center of Ramsey (COR). When fully realized, this development will include 400 acres of high-density housing, mixed-use office space, retail space and recreational venues.² To attract new businesses to the COR and stimulate the growth of current businesses in Ramsey, the city has conducted a preliminary study on establishing a business incubator.³ This study suggests that the City of Ramsey has an opportunity to develop more restaurant options and that the local residents are interested in having more dining options. Based on the previous studies done, Ramsey has narrowed their incubator interesting to explore the feasibility of establishing a restaurant incubator.

Objectives

This study's goal is to comprehensively analyze Ramsey's restaurant customer draw area (CDA) and the challenges of operating food incubators. It will then assess the feasibility of establishing a food incubator in the City of Ramsey.

Main findings

- Ramsey is located within 15 minute drive of two established restaurant nodes.
- The two restaurant nodes have high proportions of fast-food restaurants.
- The area north of Ramsey has limited access to major restaurant nodes.
- Ramsey's CDA has significant retail leakage for full-service restaurants.
- Ramsey's CDA currently has a market size that can support between 110 to 152 restaurants.
- Most food incubators struggle to make a profit.
- The societal benefit – such as empowering small-businesses owned by women, minority or low-income groups as well as serving the needs of local residents – should be considered.

¹ Community Profile - Ramsey. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02396311>

² City of Ramsey. The COR. <http://www.ci.ramsey.mn.us/463/The-COR>

³ Talent & Tenacity: Sparking an Incubator in Ramsey. Burga 5211

Section II: Market analysis

Market overview

Restaurant Customer Draw Area (CDA)

To determine Ramsey's CDA, we considered the following factors.

- A recent survey conducted by Zagat on national dining trends suggests 54% of all respondents are willing to travel for up to 30 minutes for a good restaurant.⁴
- Ramsey is located about halfway between two established restaurant nodes. One located in Elk River along Highway 169 and the other located in Anoka-Coon Rapids along Highway 10. Both two nodes are approximately a 15 minute drive from Ramsey.
- Ramsey is to the northwest of the confluence of the Mississippi and Rum Rivers. This geography blocks easy access to Ramsey from south of the Mississippi River or east of the Rum River. Access to Ramsey from those two directions will likely pass through the two existing restaurant nodes.

Based on these factors, we defined the CDA with the following criteria.

- Approximately a 20 minute drive time from Ramsey
- North of Mississippi River, due to lack of easy access from the south

With further refinement, we constructed the following map of Ramsey's CDA. (Figure 1) The CDA includes all of Ramsey, Nowthen, and Anoka, as well as parts of Oak Grove, Coon Rapids, St. Francis, and Elk River. The CDA is roughly surrounded by Highway 10 to the south, Highway 169 to the west, Round Lake Blvd NW to the East and the St. Francis city border to the north.

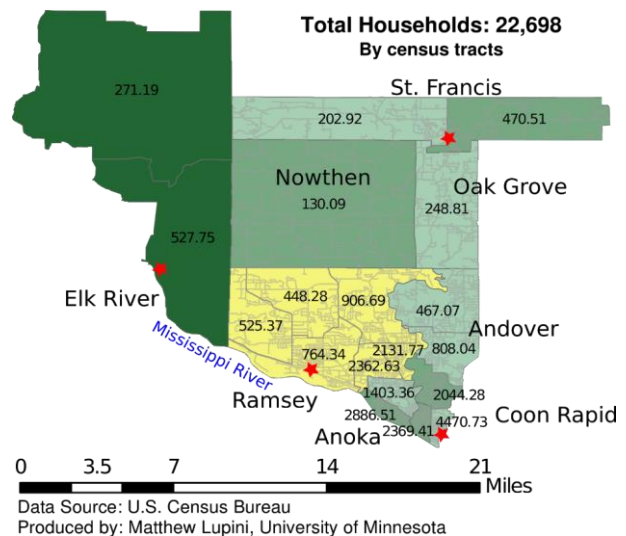


Figure 1. Customer draw area defined for the current study.

⁴ Zagat. 2018 Dining Trends Survey.

https://www.zagat.com/b/2018-dining-trends-survey-highest-tippers-social-media-habits-and-more?zagatbuzzid=jan18week1&utm_source=newsletter&utm_medium=email&utm_campaign=national20180110&utm_type=article&utm_order=1

Ramsey's CDA demographics

An area's demographics are crucial to developing smart business strategies. Based on the CDA map, we identified 22,698 households within that area, according to the 2010 U.S. Census data. The CDA is overall forecasted to have a continuous increase of population and households through 2040, based on the community profiles published by the Metropolitan Council.^{5,6,7,8,9,10,11,12} More specifically, the population surrounding Ramsey will grow 5.2% by 2021. According to Tim Gladhill, the Community Development Director for the city, there are currently 3,697 people living within 1 mile from the COR, with a 20% margin of error (Table 1). In the COR, there are also over 200 residential units under development with approximately 30% of the planned residential district waiting to be developed. As the COR is continuously developing, this number is expected to grow significantly in the future. The median age of Ramsey's residents is 35 with a median household income at \$86,794, approximately 1.5 times higher than the national median, \$59,039.

	Households	Population
Quarter Mile	277	803
Half Mile	664	1,925
Mile	1,275	3,697

Table 1: Households and the population living within 1 mile of the COR.

In the 2015 U.S. Bureau of Labor Statistics Consumer Expenditure survey results, shown here in Figure 2, suggest that households led by Millennials (age 20~35) are the least frugal when it comes to the percent of total expenditures spent on food away from

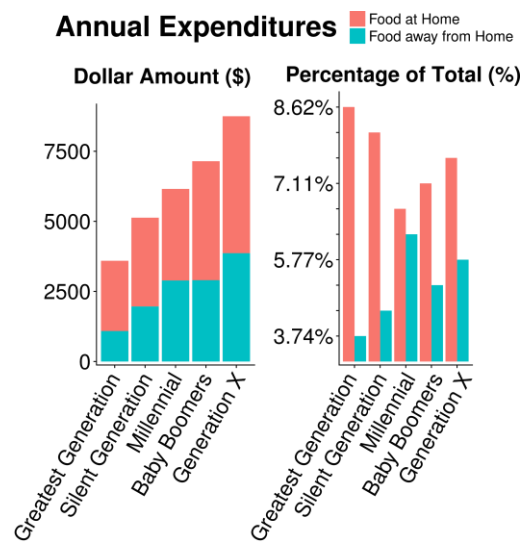


Figure 2. Food based expenditures by consumer unit of different age groups (left) and percentage of the total annual expenditures that was spent on food (right).

⁵ Community Profile - Nowthen. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02437910>

⁶ Community Profile - Ramsey. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02396311>

⁷ Community Profile - St. Francis. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02396487>

⁸ Community Profile - Oak Grove. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02395282>

⁹ Community Profile - Andover. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02393954>

¹⁰ Community Profile - Anoka. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02393964>

¹¹ Community Profile - Coon Rapids. <https://stats.metc.state.mn.us/profile/detail.aspx?c=02393628>

¹² Community Profile - Anoka County. <https://stats.metc.state.mn.us/profile/detail.aspx?c=003>

home.¹³ The same data shows households led by Generation X (age 35~55) spend more overall dollars on food away from home than the other groups on average. Considering the median age of Ramsey is around 35, it is likely most households are led by those in the Millennial and Generation X age groups. This suggests that the city's demographics, in addition to the higher median household income level, are a positive characteristic of in terms of food expenditures at restaurants.

It is worth noting that Ramsey is the major population center of the CDA that doesn't have closer access to a restaurant node. While Anoka and Coon Rapids also have large populations, they also have a large and established restaurant node and therefore unlikely that the Ramsey CDA will capture more than a fraction of their populations.

Market size

Based on the demographics of Ramsey and the expenditure data shown in Figure 2, we estimate Ramsey's CDA to spend approximately 1.5 times more than the national average of \$3,864.39 on dining out, approximately \$5,798 per household. With this assumption, we can calculate the total annual expenditure for food outside of the home in the Ramsey CDA to be about \$131,603,004. The 2018 dining trend survey conducted by Zagat suggests the average cost of a restaurant meal is \$36.40 per person and the average respondent dines out 6 times a week, primarily for lunch and dinner. If we assume similar numbers for Ramsey, we estimate the Ramsey CDA will spend approximately \$109,297,410 on lunch and dinner annually. Based on the 2017 Restaurant Industry Pocket Factbook published by the National Restaurant Association, the average unit sales of a full-service restaurant in 2014 were \$992,000 and a quick service restaurant were \$861,000.¹⁴ This suggests the Ramsey CDA can support either:

110 full service restaurants ($\$109,297,410/\$992,000$)
or 127 quick service restaurants ($\$109,297,410/\$861,000$)

Based on data from the Claritas Consumer Buying Power survey in 2017,¹⁵ similar calculations yield that the trade area can support as many as 152 food service and drinking venues. Considering the variety of restaurants, we conclude that the Ramsey CDA has a market size that can support between 110 to 152 restaurants.

¹³ U.S. Bureau of Labor Statistics. Consumer Expenditures in 2015.

https://www.bls.gov/opub/reports/consumer-expenditures/2015/home.htm#_edn1

¹⁴ http://www.mnrestaurant.org/uploads/2/8/9/5/28957157/nra_pocket_factbook_feb_2017-final.pdf

¹⁵ Claritas. Claritas - Consumer Buying Power 2017. s.l. : Claritas with enviroinformatics, 2017.

U.S. Kitchen Incubators Industry Overview

In 2013 and 2016 Econsult Solutions Inc., American Communities Trust, and Urbane Development published reports that highlighted the food incubator industry.^{16,17} These studies provide an overview of the industry, its needs, and current challenges.

They highlighted several major challenges for food incubators in becoming successful. For example, while a shared kitchen space is helpful, entrepreneurs may be ill-equipped to successfully run a business within the incubator space. There are additional challenges, such as design and flow of the facility, how reservations are made, ease of payments, and attracting high-quality entrepreneurs. Local food regulations related to sanitation also pose challenges to food incubators. Another challenge noted was that little data has been collected to measure the performance and economic impact of incubators. Metrics that are usually collected are related to sales volume, gross revenue, and job creation. It is also important to note that the majority of businesses that make use of incubators are run by women, ethnic/minority and/or low-income populations showing an important societal effect to consider in relation to a food incubator.

Financial Viability of Incubators

In the 2013 Econsult shared kitchen survey, of the 135 incubators surveyed, 41 responded with details about nonprofit or for-profit status. Table 2 shows the distribution of incubators that are making money, breaking even, or losing money.

	Both nonprofit and for-profit	Nonprofit	For-profit
Making money	31%	15%	39%
Breaking even	53%	54%	57%
Losing money	16%	31%	4%

Table 2: Profitability of Incubators in 2013.

The same survey conducted in 2015 is shown in Table 3. The updated survey did not differentiate between nonprofit or for-profit status. The authors did mention that more incubators are losing money and more are making a profit in 2015 than they were in 2013.

	Both nonprofit and for-profit
Making money	39%
Breaking even	37%
Losing money	25%

Table 3: Profitability of Incubators in 2015.

¹⁶ Econsult Solutions “U.S. Kitchen Incubators: An Industry Snapshot.” August 2013. <http://www.econsultsolutions.com/experience/our-projects/food-incubator-study/>.

¹⁷Econsult Solutions “U.S. Kitchen Incubators: An Industry Update.” March 2016. <http://www.econsultsolutions.com/report/us-kitchen-incubators-industry-update/>.

Overall, it seems fewer incubators are simply breaking even in 2015; more are either profitable or losing money. The trend suggests that food incubators are challenging to operate. The authors did not mention the possible flaws of reporting bias and censoring. Companies may be less likely to report losing money and companies that have already gone out of business are not included in the survey.

Key competitors

Local restaurants

The CDA for the current study has been shown in Figure 1. Here we used the CDA to identify the locations of current restaurants to analyze the regional competitions. Figure 3 shows the location and density of the 342 restaurants currently in operation around the Ramsey CDA. The Anoka-Coon Rapids restaurant node has the highest density of restaurants around Ramsey. Elk River, Rogers and St. Francis regions all have small nodes of restaurants. These observations follow similar densities observed from the fall research on retail development in Ramsey.¹⁸ It is clear that Ramsey is at the edge of the Anoka-Coon Rapids restaurant node and the region north of the COR has very limited restaurant presence. An interactive map is available through Google Map (located in Appendix V).

Restaurant types

We analyzed the primary cuisine types offered at the 342 restaurants, identified in Figure 4. The cuisine types served by each restaurant is visualized in Figure 5. The keywords from each restaurant's description were collected and plotted to show the frequency of food type served as well as the primary cuisine type offered in these restaurants. This data provides key information about

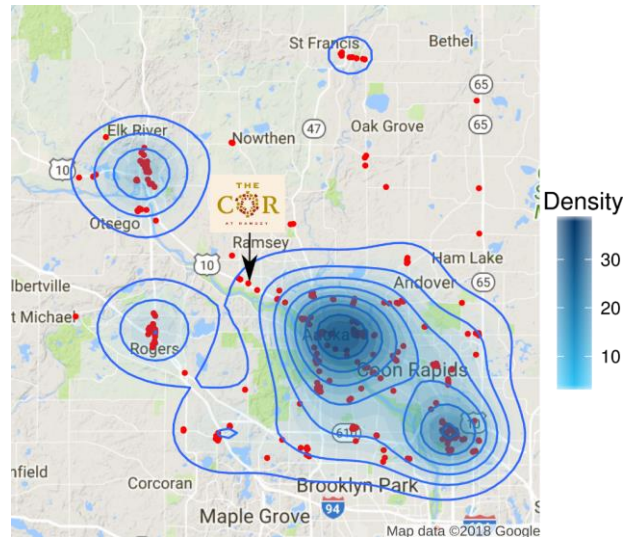


Figure 3. Density map showing the distribution of the current restaurants in and around Ramsey. (Red dots show the specific location of these restaurants).

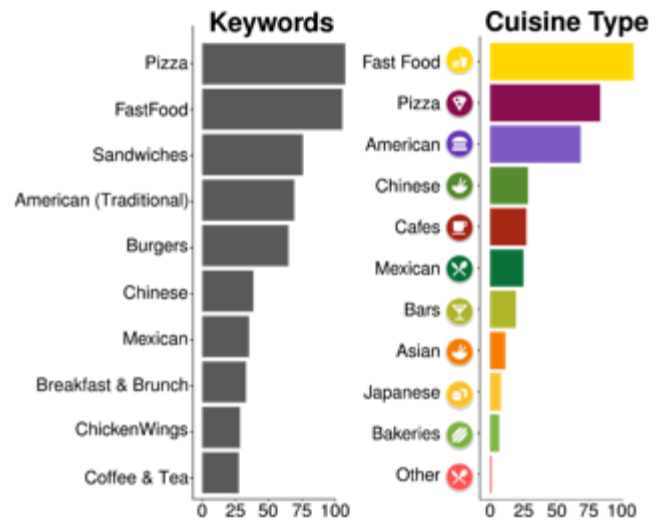


Figure 4. Bar plots showing the keywords of the food items sold (left) and the primary cuisines served (right) in the restaurants located within the Ramsey CDA.

¹⁸ Boerschinger, Olivia, Pansch, Joshua, Lupini, Matthew. PA5211: Land Use Planning. Public Affairs.

the regional competition. We found most restaurants in the region are fast food restaurants that serve pizza, sandwiches and burgers. They are followed by major cuisine types such as Traditional American, Chinese and Mexican. This data suggests a lack of full-service options in and surround Ramsey. It also provides guidance for Ramsey when developing themes with the restaurant incubator. We recommend Ramsey focus on encouraging novel cuisines that will stand out from the fast food dominated local competition and avoid direct competition with majority of the current restaurants. It is possible that if Ramsey successfully develops a restaurant incubator and avoids cuisine types that are overrepresented in the region, it can attract customers from these existing restaurant nodes to Ramsey.

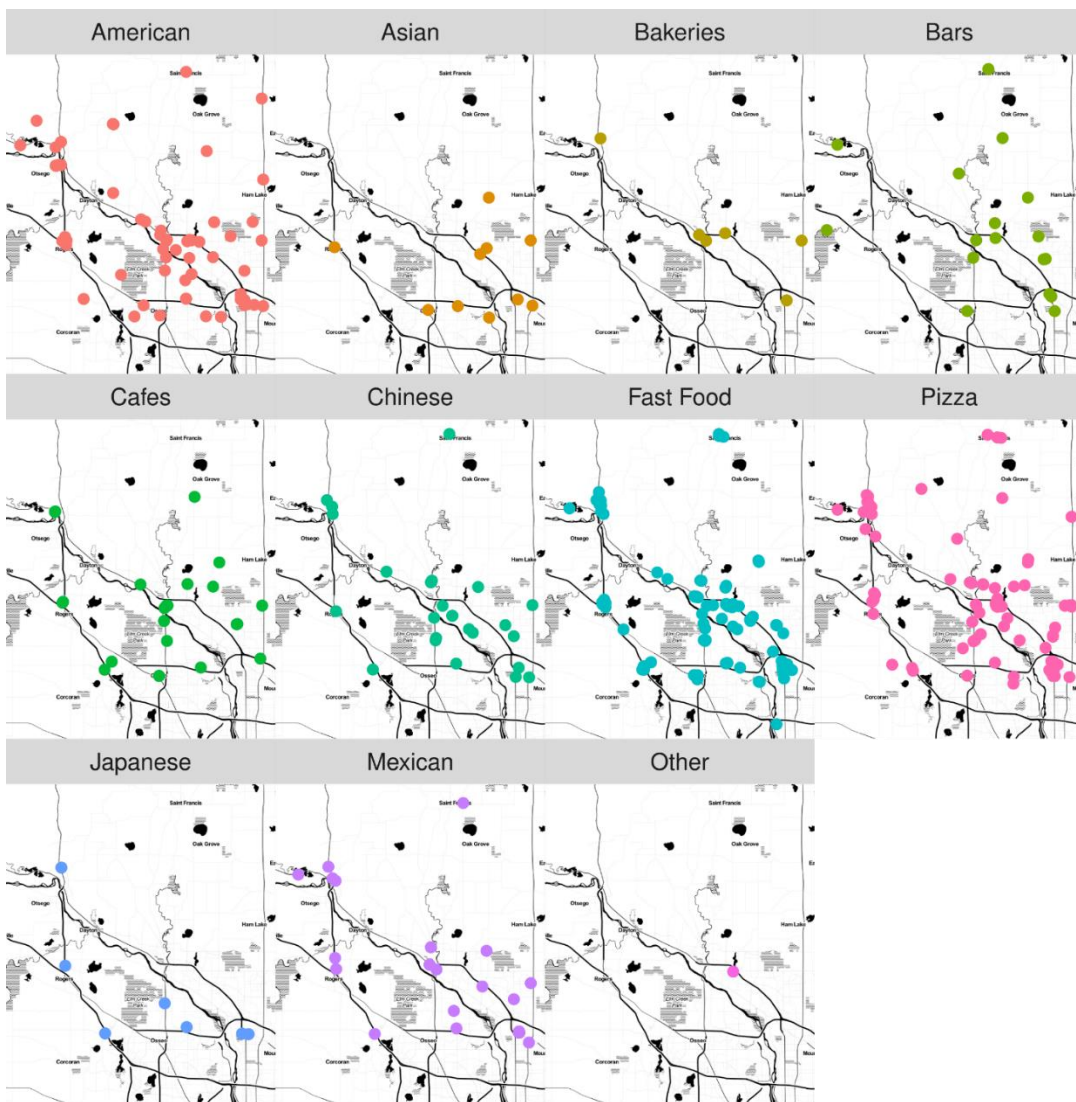


Figure 5. Density map showing the distribution of different restaurant cuisine types served around Ramsey. Each dot shows the location of a restaurant. The map is centered on Ramsey.

Local restaurant incubators

The restaurant incubators and shared commercial kitchens in the Twin Cities have been compiled from Minnesota's Department of Agriculture website. This information encompasses a wide range of establishments that may vary in terms of the support they offer tenants. Detailed information about these Minnesota food incubators have been compiled in an Excel document as reference.

Many of the local food incubators include the following assets:

- Access to major highways
- Access to storage, walk-in freezers, and miscellaneous commercial equipment
- Free on-site parking
- Business training and business development opportunities
- Financing, licensing and legal support
- Shared-kitchen space with 24-hour card access with video surveillance
- Online scheduling
- The flexibility of paying through credit cards/PayPal
- Gluten-free cooking areas
- Event space

These services offer valuable strengths to their operations. Flexibility will attract more tenants, allowing those with daytime jobs to still utilize their services. Secure and limited-access shared kitchen space with online scheduling and flexible payment options mean reduced administration cost of the incubator's operation.

The pricing models vary among these incubators depending on the scale of operations. Incubators like Kindred Kitchen use different rates depending on the time of the day. They also have different rates for storage space. However, the majority of the kitchen rentals are around \$20/hr. Many incubators also offer event space rentals for meetings or weddings. If Ramsey were to consider making event space part of their model it would open up attractive options for tenants to cater.

Economic Benefit Analysis of Food Incubators

The economic benefits of incubators are difficult to measure. Food incubators serve as a pathway for successful food ventures. Many incubators provide help with licensure and certificates. This would help new restaurant entrepreneurs understand and comply with food safety and production requirements. As shown below in Figure 6, food incubators help food businesses with several other types of business counseling.

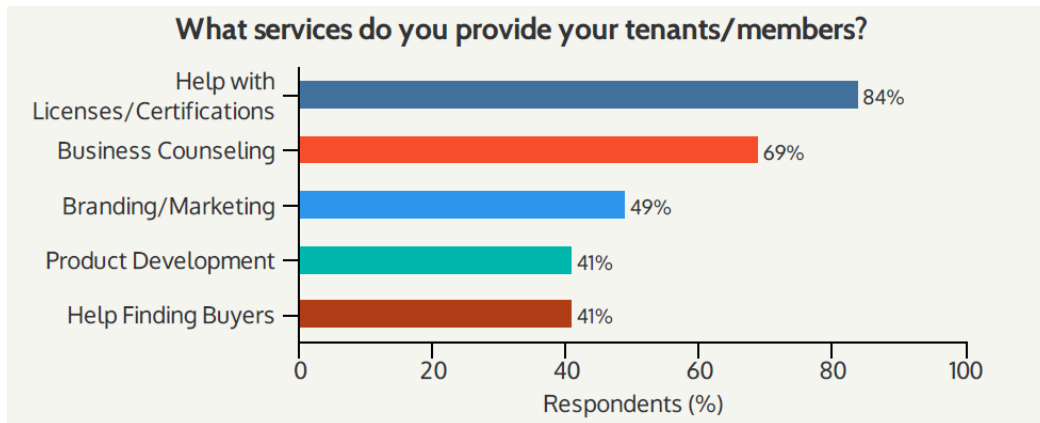


Figure 6. Common services provided by food incubators.

On average, food incubators charge about 21 dollars per hour for use (\$20.82 in 2013 and \$21.50 in 2015). This hourly rate sustains the incubator. A distribution of the hourly charge rates to use an incubator space is shown below.

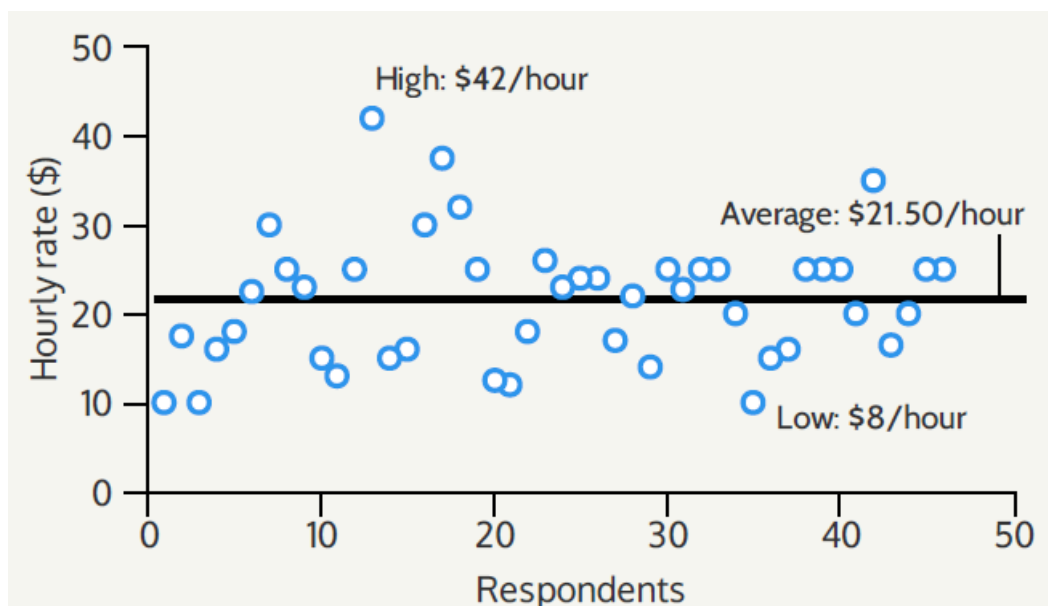


Figure 7. Hourly rate charged by food incubators.

Figure 7 shows the hourly rate charged by food incubators for use of space. The rate is plotted vertically and the respondents are shown along the horizontal axis. The highest amount an incubator charge is \$42 per hour. The lowest amount is \$8 per hour.

Another economic benefit is job creation. Having a food incubator space helps to create jobs. A notable characteristic job creation is that most incubators are used female, minority, and/or low-income, creating jobs for people that are under-served.

Section III: Market condition survey

Introduction

The original aim of this study was to evaluate the potential for an incubator within the City of Ramsey. The models proposed were a culinary incubator designed to grow and support food businesses and a co-working space in which potential tenants may operate. In order to produce final recommendations, it was decided that tenant and talent interviews were necessary to narrow the scope of recommendations. Interviews were conducted to identify potential partners, tenants, and assess the talent supply. These interviews were conducted via email and potential case studies for future use were identified. Further, we hoped to determine interest and theoretical activity levels for the culinary incubator. Obtaining interviews was relatively difficult and more thorough case studies will be necessary for future research.

Local restaurants

The overarching theme of interviews conducted with local restaurant-owners was the lack of commercial kitchen and storage space for their business. Home-based caterers often cannot produce enough of their goods to justify expansion; at the same time they require increased production space to grow their business. Through our research, we identified a number of caterers within Ramsey and a number of restaurants in the area. Comments regarding the potential of partnering with or expanding to an incubator included the following:

- Potential incubator amenities:
 - “I would look for meat processing equipment, packaging equipment, and Combi ovens along with office space and a loading dock”
 - “...the current building needs lots of updates (kitchen floor & walls, some equipment is very old, we need a turbo oven for efficiency, etc...”
 - Separate clean space to prepare foods for sale and not take up actual space in the front of house
- Regarding expansion:
 - I am comfortable running only one location. It would be too much stress running more, since I do all the handiwork myself.
 - My business has huge growth potential already but I can't do everything myself.
- Disadvantages in current location:
 - Too crowded, not enough space to work and keep enough product on hand to sell

Locally Grown

According to a report from National Restaurant Association, 56% of consumers say their primary reason for preferring locally sourced food is that it supports farms and producers in their communities. Hence, locally grown food and products are a major attraction an incubator can capitalize on to bring customers in. Ramsey should contact locally grown food vendors to assess their interest in participating in an incubator. We found locally grown organizations were especially difficult to initiate contact with, likely due to the seasonal nature of their work coupled with the fact that the survey was conducted in early March. However, the ones we did manage to contact indicated that storage and the high prices of equipment were barriers that would serve as a detriment to their expansion.

The other goal of the survey of locally grown organizations was to determine their potential interest in workforce development programs a kitchen incubator could offer. Responses to this question were mixed, but respondents were most interested in a supply of long-term employees.

Food trucks

Food trucks are another collaborative part of food incubators. A list of food truck vendors in Minnesota was compiled to conduct a survey. Vendors were contacted to gauge how many are interested in branching out to Ramsey. Responses have been very limited. More labor supply discussions should be carried out in relevant areas. We sought to interview food trucks, both within and outside of Minnesota, as potential tenants for the City's food incubator. We saw the potential of food trucks accessing the incubator as both an increased kitchen space and as a prospective location for establishing themselves in a brick-and-mortar space.

The Wandering Mug, which is a food truck that operates in primarily Minneapolis and St. Paul, were asked why they chose to operate in the cities they do. They responded:

- *[We] follow the large events around because that's where the big money is.*
- *St. Paul has the least restrictive licensing and is easy to work for street sales*

The key point here is reducing the restriction in licensing. This preference to work in less restrictive environments is likely one shared by other food trucks in Greater Minnesota and should be noted by the City of Ramsey.

Grill Works Truck, which also operates primarily within the Twin Cities, was asked about obstacles in expanding their service area. They answered:

- *None of my identified locations (Minneapolis-St. Paul). I have run into problems in other cities as those cities don't want food trucks.*

This point raised by Grill Works is notable— if people in the CDA do not want a food truck, then food trucks attempting to operate there will not succeed. Ramsey lacks the sheer population numbers of Minneapolis and St. Paul, but also lacks an established

food truck culture. It may be difficult for food trucks to operate in Ramsey, but they may be able to utilize the kitchen incubator as an expansion opportunity.

National restaurant incubators

Current Incubators:

To carry out a nationwide survey and analysis, around 650 shared commercial kitchens and food incubators were identified across the country and information like mailing address, email address, respective websites and their kitchen descriptions were assembled. The kitchen descriptions include kitchen capacity, available amenities, rental rates, and hours.

Responses to these surveys have been the most positive and very useful. We found that for incubators it is difficult to provide the high capital investment that is required for the initial development. It is also very challenging to make a profit and many of the incubators were losing money in the initial years of the business. Regulatory policies were another common reason that proved challenging for some of the respondents.

Challenges identified by restaurant incubators currently in existence ranged from the difficulty of operating while generating enough revenue to meet ongoing expenses to engaging and becoming engrained within the community the incubator serves. Square One Kitchens, which operates in Fargo, North Dakota, listed the following points as key obstacles in operation of a food incubator:

- *Helping the community understand what a shared kitchen is and how it works (this concept is much different than a standard food business so it seemed to confuse people)*
- *Finding a space that would fit the needs of the business*
- *Investment – it cost quite a bit to get [Square One Kitchens] up and running with the equipment, fit up, etc...*
- *Only had one built-in client prior to starting. The beginning phase was very stressful as [we] had to wait for clients to be ready to start their business and utilize Square One.*

The Cauldron Kitchen, operating from Ottawa, Canada, is a shared commercial kitchen service for catering, food businesses, bakeries, personal chefs, and culinary classes. Having been in business for 2+ years as of the time of the interview, the Cauldron had this to say regarding obstacles:

- *The obstacles to start the business were finding a suitable commercial lease location with appropriate services (electrical, sewage gas)*
- *A shared commercial kitchen requires a little more than what a restaurant needs because it has multiple pieces of equipment*
- *Venture funding is weak in the food industry for creative business ideas*

Another of the interview questions asked the contacts to support either a for-profit or non-profit incubator model. Overwhelmingly, the incubators spoke in favor of a for-profit model, citing the inability of a non-profit incubator to effectively grow and innovate. Finally, the incubators were asked about their total capacity, and responses cited an average of approximately 5 to 12 different tenants at one time.

Local culinary schools

One of the key questions our group hoped to address was whether there was a pre-existing supply of individuals with the technical skills necessary to operate a start-up incubator or specific features the incubator would need to achieve short- and long-term success.

In attempting to garner responses from individuals affiliated with or who have graduated from local culinary schools, we asked the following questions, and received the attached answers:

- If you could run your own incubator kitchen space, what sort of features would you want in it?
 - *Cooler space, table space, ovens, griddle, grill, and dishwashing area, both manual and automatic dishwasher*
- What do you think is the most challenging part of running a start-up?
 - *Arriving at a menu or list of products you plan to offer, then of course staffing.*

Overall, we would need more information from culinary school affiliates to proceed with this part of the labor analysis. However, it was helpful to receive feedback regarding necessary equipment and space, as our group did not possess the background to have this information.

Co-packagers

Co-packagers are defined as companies that handle the packaging of previously produced food, so the food producers may focus on actual production. While co-packagers were not contacted for the purpose of this study, a list of co-packagers in Greater Minnesota was compiled.

The advantages of co-packagers lie in their specialized equipment for the purpose of packing food. Since they do not focus on producing the food, they are experts in their field and may be the cheapest option for a start-up kitchen incubator seeking to diminish costs as much as possible. Further, co-packagers are able to quickly respond to the needs of the food producer, especially if they are local to the incubator. In keeping with the idea of diminishing costs, co-packagers may bulk products for shipping and can offer a flat rate to incubators for their services.

Co-packagers do have notable disadvantages, especially to start-up kitchen incubators. The flat rate associated with the packing of food may be too expensive for a

start-up kitchen incubator. Furthermore, the use of a co-packager assumes that the shared kitchen has a large inventory of product, and a large amount of product to ship out to customers outside of the general service range. The drawbacks are largely financial and inventory-based and may inhibit their use for a start-up. However, the use of a co-packager may be a resource to utilize once the city has a successfully up-and-running kitchen incubator.

Summary

Research shows that restaurant incubators are usually driven by restaurant investors and/or real estate developers interested in identifying investment opportunities. With an aligned self-interest in the success of their tenants, they typically maintain an extensive tenant identification and development process, along with the provision of extensive operating and management support. Interviews conducted with the aforementioned distinct groups within the food/restaurant industry illustrate the necessity of a reliable space, a vested interest of the public in the space, and most importantly, an individual/organization willing to finance the space. Further research is needed, but these interviews offer a first glance at the potential tenants and talent supply, as well as the challenges of starting and operating a restaurant incubator.

Section IV: Recommendations

Short-term recommendations

Factors need to be considered for the incubator

- Goals of the facility
 - Job creation
 - Grow existing food businesses
 - Strengthen local food systems
 - Build community
 - Encourage entrepreneurship
 - Future revenue for the city
- Who will use it
 - Local entrepreneurs
 - Culinary graduates from surrounding areas
 - Chefs from the MSP metro area
- Incubator format
 - Shared kitchen space with eating and event space
 - Food trucks accessible
- Support services
 - Development-friendly

- Business licensing support
- Business development and strategy support
- Training support - Collaborate with local culinary programs

Current attraction points within 5-10 minute drive of the COR

Ramsey should leverage the following attraction points near the COR to attract potential tenants.

- PACT school: 660 students, 35 teachers¹⁹
 - Fast-casual/delivery for teacher's lunch
 - Catering for school events
 - Farm to school program is another initiative aimed at local food movement; complementary venue
- VA outpatients clinic²⁰
 - Open M-F closes at 4:30 pm
 - Fast-casual/delivery for lunch
 - Fast-casual or full-service for dinner
- Allina Health Ramsey Clinic²¹
 - Open M-F closes at 5 or 7 pm
 - Fast-casual/delivery for lunch
 - Fast-casual or full-service for dinner
- Northgate Church ²²
 - Occupies a large building
 - 200+ twitter followers
 - Fast-casual or full-service for Sunday lunch/brunch
 - Catering for church events
- Adrenaline Sports Center²³
 - 602 facebook followers
 - Fast-casual/delivery for lunch and dinner
 - Catering, food truck for lunch and dinner
 - Fresh, locally grown product

Recommendations

Overall, our findings suggest that the Ramsey CDA is currently underserved in terms of full-service restaurants. However, we also found that it is difficult to make profit for a food incubator. We think it is very likely that a restaurant incubator in Ramsey will

¹⁹<https://nces.ed.gov/globallocator/index.asp?search=1&State=MN&city=&zipcode=&miles=&itemname=pact&so rtby=name&School=1&PrivSchool=1&College=1&CS=7902045A>

²⁰ <https://www.minneapolis.va.gov/locations/NorthwestMetro.asp>

²¹ <https://wellness.allinahealth.org/locations/85>

²² <http://ngatechurch.org/>

²³ <https://adrenalinesc.com/>

not make profit in operation. However, we also recommend the city consider the societal impact of the restaurant incubator; empowering small-businesses owned by women, minority or low-income groups as well as serving the needs of local residents.

Additionally, the high median income is a huge asset for Ramsey. It shows the economic stability of the current residents and should be used as an attraction for potential tenants at the restaurant incubator and other related developments. Finally, a huge amount of available land is also an asset for Ramsey. The city should couple this with appropriate policies that smooth the business development initiatives on these tracts of land. The city should also leverage current attraction points around the COR to attract new tenants.

During our research, we found several caterers and home-based food businesses located in Ramsey. We think if the city can consolidate these businesses into one incubator space and provide training and supportive services it will likely to help the businesses to save on cost and expand beyond their current capacity.

Pricing of the incubator should be in-line with local competitors. This will ensure a steady revenue for the incubator, whether it is non-profit or for-profit. A detailed “price-benefit map” analysis can be very helpful for determining a sustainable price model for the incubator. It is also very important to factor in the services that are being offered in the incubator to cater to the needs of the tenants.

Finally, the city needs to consider the funding source of the incubator. We think it is unlikely that a private for-profit company will be interested in operating an incubator, due to low-profit margin. From our survey of nationwide incubators, it appears several incubators located in rural regions are supported by state or federal grants. Additional efforts are needed to identify additional funding sources.

Long-term recommendations

The population and number of households in Ramsey is going to increase and so will the opportunity/gap in retail and food and dining services. Careful strategic planning is needed to meet the demand of the residents to keep food-related spending within the city. The city should complement the services offered at nearby retail nodes by providing a novel development in Ramsey, such as a food incubator. In the long-term, the city should provide additional support, such as licensing process assistance and business classes, to incubator tenants to encourage the establishment of new restaurants. In addition, the incubator should closely follow the food trends of the country and region and frequently update the food offerings. Ramsey can leverage its unique development opportunity to become a culinary destination in the region.

Appendix

Appendix I: Local Restaurant Survey Emails

Dear xxx,

My name is xxx and I am a graduate student at the University of Minnesota. I am working with the Office of University Economic Development to study restaurant businesses, specifically to identify the obstacles impacting business growth and expansion.

We were wondering if you would be able to connect us to someone that can help answer a few questions regarding your business.

If you prefer answering our survey question via email, here are the questions we are interested in.

1) How long are you in business?

2) Business – type of foods provided

3) What sort of amenities would an incubator provide for your business specifically?
What disadvantages are you currently facing in your available kitchen space?

4) Would you be interested in expanding your business in surrounding communities if there is a restaurant incubator available?

Other comments

Note: The information you provided will help us create an economic impact report. We may use your business by name as a case study in this report, which will be available to the public.

Please indicate if you allow us to use the information you provided as a case study in our report.

Yes _____

No _____

Would you be interested in helping us with a follow up questionnaire ?

Yes _____

No _____

Appendix II: Locally Grown Survey Emails

Dear xxx,

My name is xxx and I am a graduate student at the University of Minnesota. I am working with the Office of University Economic Development to study locally-owned food businesses, specifically to identify gaps in workforce training.

We were wondering if you would be able to connect us to someone that can help answer a few questions regarding your business.

If you prefer answering our survey question via email, here are the questions we are interested in.

1) How long are you in business?

2) Business – type of foods provided

3) What sort of amenities would an incubator provide for your business specifically?
What disadvantages are you currently facing in your available kitchen space?

4) Would you need new workforce job training and business expansion opportunities?

Other comments

Note: The information you provided will help us create an economic impact report. We may use your business by name as a case study in this report, which will be available to the public. Please indicate if you allow us to use the information you provided as a case study in our report.

Yes _____

No _____

Would you be interested in helping us with a follow up questionnaire ?

Yes _____

No _____

Appendix III: Food Truck Survey Emails

Dear xxx,

My name is xxx and I am a graduate student at the University of Minnesota. I am working with the Office of University Economic Development to study food truck businesses, specifically to identify the obstacles impacting business growth and expansion.

We were wondering if you would be able to connect us to someone that can help answer a few questions regarding your business.

If you prefer answering our survey question via email, here are the questions we are interested in.

1) How long are you in business?

2) Did your business grow in the past year?

3) Which city (cities) do you most often operate your food truck (urban/suburban)?

Why do you choose to operate in that city (cities)?

What obstacles do you face when grow and expand your business in the city (cities)?

4) The state of Minnesota requires food trucks to perform off-site preparation and storage be done at a licensed food establishment.

Where do you perform off-site preparation and store your food? Could you share the name of the business?

What is the benefit of this establishment.

Note: The information you provided will help us create an economic impact report. We may use your business by name as a case study in this report, which will be available to the public.

Please indicate if you allow us to use the information you provided as a case study in our report.

Yes _____

No _____

Would you be interested in helping us with a follow up questionnaire ?

Yes _____

No _____

Appendix IV: Restaurant Incubator Survey Emails

Dear xxx,

My name is xxx and I am a graduate student at the University of Minnesota. I am working with the Office of University Economic Development to study food incubator businesses, specifically to identify the obstacles impacting business growth and expansion.

We were wondering if you would be able to connect us to someone that can help answer a few questions regarding your business.

If you prefer answering our survey question via email, here are the questions we are interested in.

- 1) How long are you in business?
- 2) What are the obstacles that you faced when starting and continuing your business?
- 3) Are you operating as non-profit or for-profit? If you are non-profit, what is your funding source?
- 4) Total tenant and capacity.
- 5) Do you have a event/dining area for customers?

Other comments

Note: The information you provided will help us create an economic impact report. We may use your business by name as a case study in this report, which will be available to the public.

Please indicate if you allow us to use the information you provided as a case study in our report.

Yes _____

No _____

Would you be interested in helping us with a follow up questionnaire ?

Yes _____

No _____

Appendix V: Important Links

Link to the Google survey for the culinary schools.

https://docs.google.com/forms/d/e/1FAIpQLSesGQ78CG1YXV9QwHipsSee9W1Yy7RqXbfW8EW7ieSehFOQzA/viewform?usp=sf_link

Link to the interactive Google Map.

<https://drive.google.com/open?id=1O0HEqOTU4ITGjcirNCZVkOleuP1UgFy>